

September 10, 2007

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E., Room 1A  
Washington, D.C. 20426

Subject: EPA Comments on the FERC Final Environmental Impact Statement for the FERC  
“Elba III Project” (August 2007); Southern LNG Inc.; Elba Express Company, LLC;  
Southern Natural Gas; Docket Nos. CP06-470-000 et al.

Dear Ms. Bose:

Pursuant to Section 309 of the Clean Air Act (CAA) and Section 102(2)(C) of the National Environmental Policy Act (NEPA), the U.S. Environmental Protection Agency (EPA) Region 4 has reviewed the Federal Energy Regulatory Commission’s (FERC or Commission) final environmental impact statement (EIS) for the “Elba III Project” proposed by Southern LNG [Liquefied Natural Gas] Inc. (Southern LNG) and Elba Express Company (EEC) L.L.C., both wholly-owned subsidiaries of Southern Natural Gas Company (Southern). Under Section 309 of the Clean Air Act, EPA is responsible for reviewing and commenting on major federal actions significantly affecting the quality of the human environment.

The final EIS evaluates the Southern LNG proposal for the expansion and operation of the existing LNG import terminal (Elba Island near Savannah, Georgia) as well as the construction and expansion of an associated new natural gas pipeline, the “Elba Express Pipeline” in Georgia and South Carolina. EPA reviewed the draft EIS and submitted comments and recommendations to the FERC in a May 29, 2007, letter. EPA continues to support the preferred alternative for the LNG terminal expansion with the FERC staff’s mitigation measures as identified in the document.

The final EIS addressed the majority of EPA’s technical concerns that were raised in our draft EIS comment letter. However, EPA recommends that two remaining issues be addressed in the Commission’s Final Order: (1) the air dispersion modeling data shows SO<sub>2</sub> 24-hour National Ambient Air Quality Standard (NAAQS) exceedances along with mitigation of the impact of those exceedances (along with a description of any planned mitigation efforts to address the impact of those exceedances); and (2) the pipeline alignment impacts should be further addressed in the Final Order along with mitigation for impacts to jurisdictional waters of the U.S. These comments are further amplified in the Enclosure.

EPA looks forward to the ongoing coordination with the FERC staff and representatives of the applicant, as well as other agencies, to resolve the remaining issues. Thank you for the opportunity to review and comment on this final EIS. If you have further questions, please contact me at 404/562-9611 (or [mueller.heinz@epa.gov](mailto:mueller.heinz@epa.gov)) or John Hamilton of my staff at 404/562-9617 (or [hamilton.john@epa.gov](mailto:hamilton.john@epa.gov)).

Sincerely,

Heinz J. Mueller, Chief  
NEPA Program Office  
Office of Policy and Management

Enclosure: Detailed Comments on the Elba III Final EIS

cc: Keith Parsons (Water Protection Branch) and Kelie Matrangos (Coastal Resources Division) Georgia Department of Natural Resource

## DETAILED COMMENTS ON ELBA III Final EIS

### LNG TERMINAL EXPANSION

#### Air Quality

Response F3-3 (Air Emission Impacts) – In response to EPA’s previous comments on the draft EIS, the FERC included additional information and air quality dispersion modeling in the final EIS. We appreciate the addition of this new information. The new cumulative modeling appropriately included emissions from all Elba Island LNG Terminal stationary sources, indirect marine vessel activities within the safety zone, and regional sources. EPA recommends that the Commission’s Final Order specify the identity of the “regional sources” used in this modeling.

The air dispersion modeling showed air quality impacts that exceeded the SO<sub>2</sub> 24-hour National Ambient Air Quality Standard (NAAQS). The SO<sub>2</sub> NAAQS exceedances were discounted because the major Elba Island contributions came from indirect marine activities. The final EIS states that the Elba Island LNG terminal stationary sources did not significantly impact the receptors showing NAAQS exceedances during the 24-hour periods of concern and concluded that...“The analysis indicated that the expanded terminal would not cause the NAAQS to be exceeded.” (page 4-254, paragraph 5). As opposed to the permitting process, the final EIS should be concerned with the air quality impacts from all emissions associated with the Elba Island LNG Terminal. Total Elba Island LNG Terminal emissions include all stationary source emissions, as well as vessel emissions associated with unloading, “hoteling”, and transit within the safety zone.

The Elba Island terminal did not trigger PSD requirements for SO<sub>2</sub> emissions; therefore, no modeling of SO<sub>2</sub> emissions was performed at that time. Furthermore, it should be noted that the air quality analysis performed for the PSD permit application did not include any vessel emissions. Based on the most recent modeling provided in the final EIS, which included stationary source emissions as well as vessel emissions, the conclusion that the Elba Island LNG Terminal does not cause or contribute to a violation of the NAAQS is not consistent with the data provided.

In addition to discounting the vessels emissions associated with the project, the report minimized the importance of the modeled SO<sub>2</sub> exceedances based on the fact that the receptors of concern are just outside the safety zone over the Savannah River. The Savannah River was indicated to be a commercial channel with minimal use by the general public. However, the area outside the safety zone is considered “ambient air” for purposes of PSD permit modeling and is likewise not justifiably discounted in an EIS analysis. Personnel aboard commercial, as well as recreational vessels, are considered part of the public, and thus have the potential to be exposed to the estimated ambient pollutant concentrations.

Finally, the summary results section incorrectly states that typical PSD air quality modeling

would not include any vessel emissions associated with the project. PSD permit modeling for other LNG terminals has included vessel emissions associated with the LNG unloading at the terminal. Furthermore, LNG carrier emissions within the safety zone have been included as secondary emissions in the other LNG air quality analyses.

**Recommendation:** If, as indicated in the most recent air quality dispersion modeling provided by FERC, the modeled 24-hour SO<sub>2</sub> concentrations exceed the NAAQS, then the impact would be considered an important issue. EPA recommends consideration of mitigating measures to correct these exceedances. EPA believes that the final EIS conclusion stated on page 5-9 that the expanded LNG terminal "...it would not result in significant impacts to the regional air quality." is not consistent with the data provided. For project approval, EPA recommends that the FERC acknowledge the modeled 24-hour SO<sub>2</sub> exceedances and include commitments for mitigation measures to address the issue.

Subject matter contacts for Response F3-3: Stan Krivo, 404-562-9123 and Katy Forney, 404-562-9130

## ELBA EXPRESS PIPELINE

### Alternatives

Response F3-8 (Northern Segment Route Alternative Wetland and Waterbody Impacts) – EPA appreciates that wetland quality was addressed in Appendix I.

Recommendation: EPA recommends that future FERC documents refer to such appendices for wetlands along alternate routes, and also briefly summarize their quality and function in the EIS text. This is particularly useful if coastal or forested wetlands are affected by the proposed project and if forested wetlands would be converted to herbaceous wetlands or uplands.

Response F3-9 (Partial Collocation Alternatives Analysis) – In our comment, we indicated that certain environmental impacts noted for alternate routes in the draft EIS were notably less than the preferred route. Response F3-9 states that a "high-level analysis" was conducted and found "no significant environmental advantage" for the alternative routes. Without further discussion, however, it is unclear from the response what analysis was conducted and why substantive differences in stream crossings and hardwood forest acreage are not considered significant.

Recommendation: EPA suggests that future FERC documents provide brief summaries in the EIS text as to why the preferred alternative, route or variation is on-balance preferred by the FERC over the other alternatives. Disclosure beyond the "no significant environmental advantage" may be more meaningful to the public and agency reviewers.

Response F3-10 (Major Waterbody Avoidance and HDD Method) – EPA prefers the use of Horizontal Directional Drilling (HDD) for crossing major waterways instead of the

open-cut technique to reduce turbidity and sedimentation. Alternatively, we prefer circumventing water bodies (if isolated) to crossing them with the open-cut technique, if such circumvention is outside wetland and riparian shoreline buffers. However, Response F3-10 indicates that the Applicant has opted to use the open-cut method rather than HDD due to cost (\$11.5M). Determination of HDD geologic feasibility was therefore not pursued. This response further indicates that the Applicant has provided the FERC documentation that the U. S. Army Corps of Engineers (COE), U. S. Fish and Wildlife Service (FWS) and the Georgia Department of Natural Resources (GDNR) find the use of the open-cut technique to be acceptable for these crossings. However, since no copies of such documentation (or their dates) are referenced, we recommend that the FERC Commissioner's Final Order for project approval include such information. For comparison, we also recommend that the cost of circumventing such major water bodies (if isolated) be estimated and the water body use classification be provided (e.g., drinking water supply). Finally, we recommend that the Applicant specify the Best Management Practices (BMP measures that will minimize water quality effects if the open-cut method is used for pipeline placement across water bodies.

Recommendation: EPA recommends that the FERC Commission's Final Order for this project include the documentation from the COE, FWS and GDNR concurring in the use of open-cut technique for crossing the above water bodies deemed too expensive for the use of the HDD technique, and specify any required BMPs.

Subject matter contact for Responses F3-8, -9, -10: Chris Hoberg, 404-562-9619

## Waters of the United States

Responses F3-14, -15, -16 (Forested Wetland Restoration, Waters of the United States Mitigation Plan & Wetland Mitigation Banks) – EPA believes that these responses do not sufficiently describe mitigation for pipeline construction impacts to wetlands in the proposed alignment. However, we acknowledge that a mitigation plan specific to COE-owned and managed lands has been proposed by the Applicant and is provided in Appendix M. While we are aware that Section 404 permitting (prepared by the COE) and NEPA documentation (prepared by the FERC) are two separate processes, more definitive commitments on wetland mitigation would have been appropriate in the final EIS. Moreover, the responses suggest that only forested wetlands would be mitigated. EPA notes that a mitigation plan will have to be in place prior to the Applicant's receipt of 404 permits.

Recommendation: EPA recommends that in addition to mitigation for forested wetlands, the functions of herbaceous wetlands and riparian vegetation also be mitigated. EPA recommends that the Applicant and the FERC staff continue to explore, in conjunction with the COE, FWS and GDNR, alternatives that avoid and minimize wetland impacts, such as reducing the number of crossings of the Savannah River, and that a mitigation plan covering

wetlands and riparian vegetation impacted by this project be provided in the FERC Commission's Final Order for this project.

Subject matter contact for Response F3-14, -15, -16: John Hamilton, 404-562-9617

#### Environmental Justice

Response F3-18 (Reevaluate Tables 4.9-5 and 4.9-6) – EPA notes that the demographic data in Tables 4.9-5 and 4.9-6 related to percent low-income and minorities were revised in the final EIS. These tables are now labeled Tables 4.9-7 and 4.9-8.

Recommendation: EPA suggests that when information is revised, the response to comments should note where the revisions can be found in the text. If the table names have changed, it would be helpful to document this in the response section as well.

Response F3-19 (Participation of Affected Minorities) – EPA appreciates that the FERC will consider innovative approaches to overcoming barriers to public participation in future project areas with substantial minority or low-income populations that may be subject to disproportionately high and adverse human health or environmental effects. In our draft EIS comments, EPA had recommended that the FERC provide a description in the final EIS of any specific measures used to elicit participation by minority or low-income populations. It appears that specific measures to ensure appropriate participation by minority or low-income populations were not included in the referenced Section 1.3 of the final EIS.

Recommendation: EPA recommends that strategies for engaging affected minority and low-income populations be documented in future EISs and used as part of the public participation processes.

Response F3-20 (Affect on Minority Populations) – EPA notes that the FERC has revised the final EIS to include the presence of minority and low-income communities along the pipeline route. We also note that the final EIS states that all landowners will be subject to the same risk.

Recommendation: EPA suggests that in future FERC documents general statements about risk be supported with additional explanation and detail. For example, poor economic conditions may exacerbate risk factors, preclude avoidance of risk factors, and enhance or prolong the impacts associated with risk.

Subject matter contact for Responses F3-10, -19, -20: Ntale Kajumba, 404-562-9620